

2004 Adopted Budget



City Council Approved
November 25, 2003

Budget Preparation Calendar

- July - Council Budget Workshop to discuss priorities and significant assumptions
- August - Departments submit budget requests
- September/October - Council budget workshops
- November 18 - Presentation of Preliminary Budget/City Manager recommendations
- November 25 - Public Hearing
- November 25 - Adoption of 2004 Annual Budget

Budget Process

- Base budget line item requests are completed by departments; salary and benefit projections at current staffing levels are prepared by Finance
- Decision cards are used to submit requests for new staff, programs, or capital outlay/one-time items
- Six-year Capital Improvement Plan requests are submitted for scheduled replacement and other capital projects that exceed \$25,000 in cost

Assumptions

Assumptions are significant policy decisions that have been included in preparing the Adopted Budget

Property Tax Levy

- The 2004 levy is capped at a 1% increase over 2003, in compliance with Initiative 747
- Airline valuations, which account for over 40% of the City's assessed valuation, remain relatively flat compared to 2003
- SeaTac's 2004 property tax levy rate was set at \$2.84 per thousand dollars of assessed value, a four cent decrease from the 2003 levy of \$2.88

Sales Tax Collections

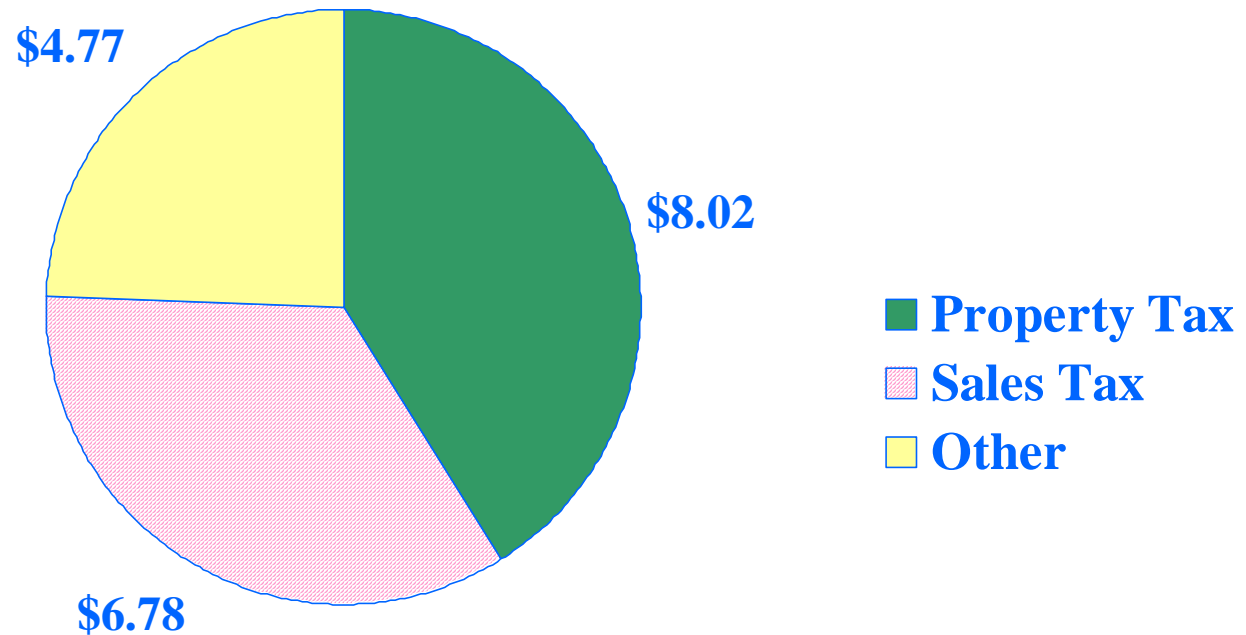
- 45% of City's sales tax collections are tied to airlines, rental cars and hotels
- 2004 revenue projections estimated at 3.3% increase over 2003 actual collections
- Collections related to capital projects at the airport are budgeted in the Capital Improvements Fund and available for one-time capital purchases and improvements

Salary and Benefit Costs

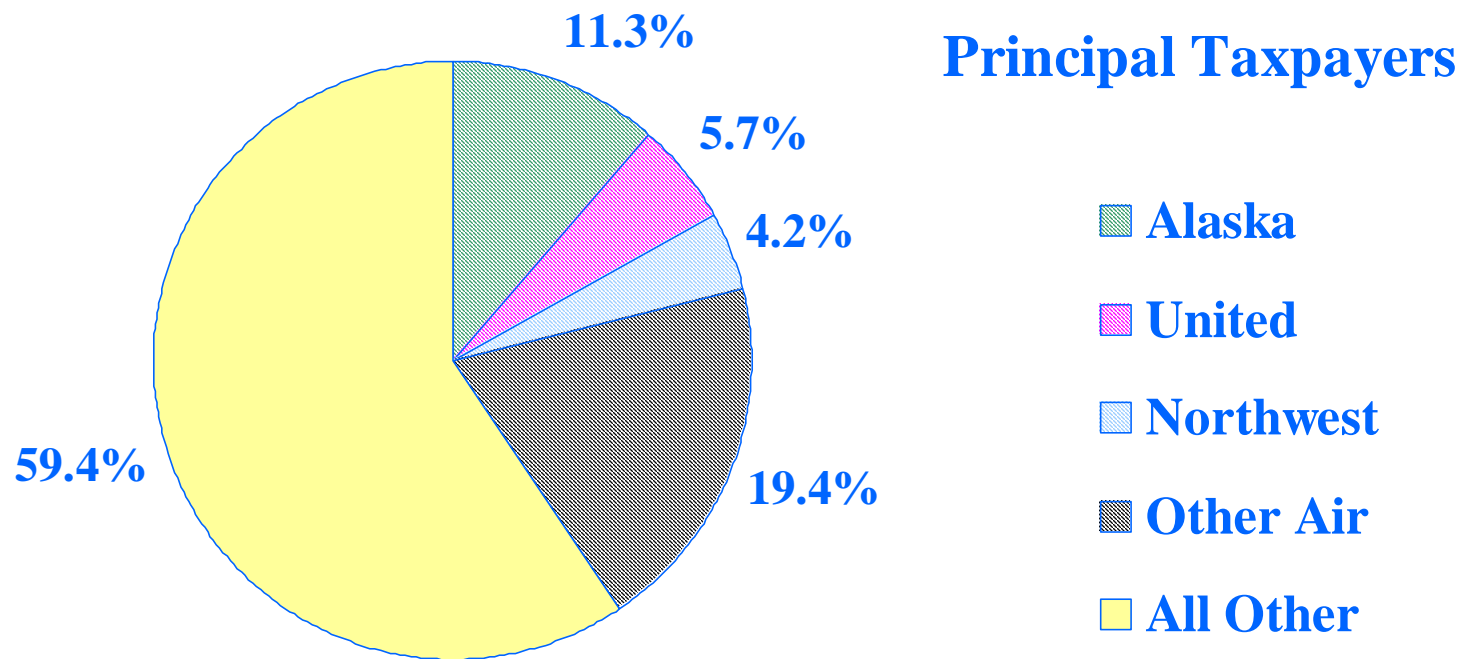
- 90% of CPI Cost-of-Living Adjustment for AFSCME and non-represented employees
- IAFF contract not yet approved for 2004; non-departmental budget of General Fund includes funds to provide salary and benefit increases when contract is approved
- Medical premiums increase in 2004 by approximately 25%, following 2003 increase of 15%

2004 General Fund Revenue

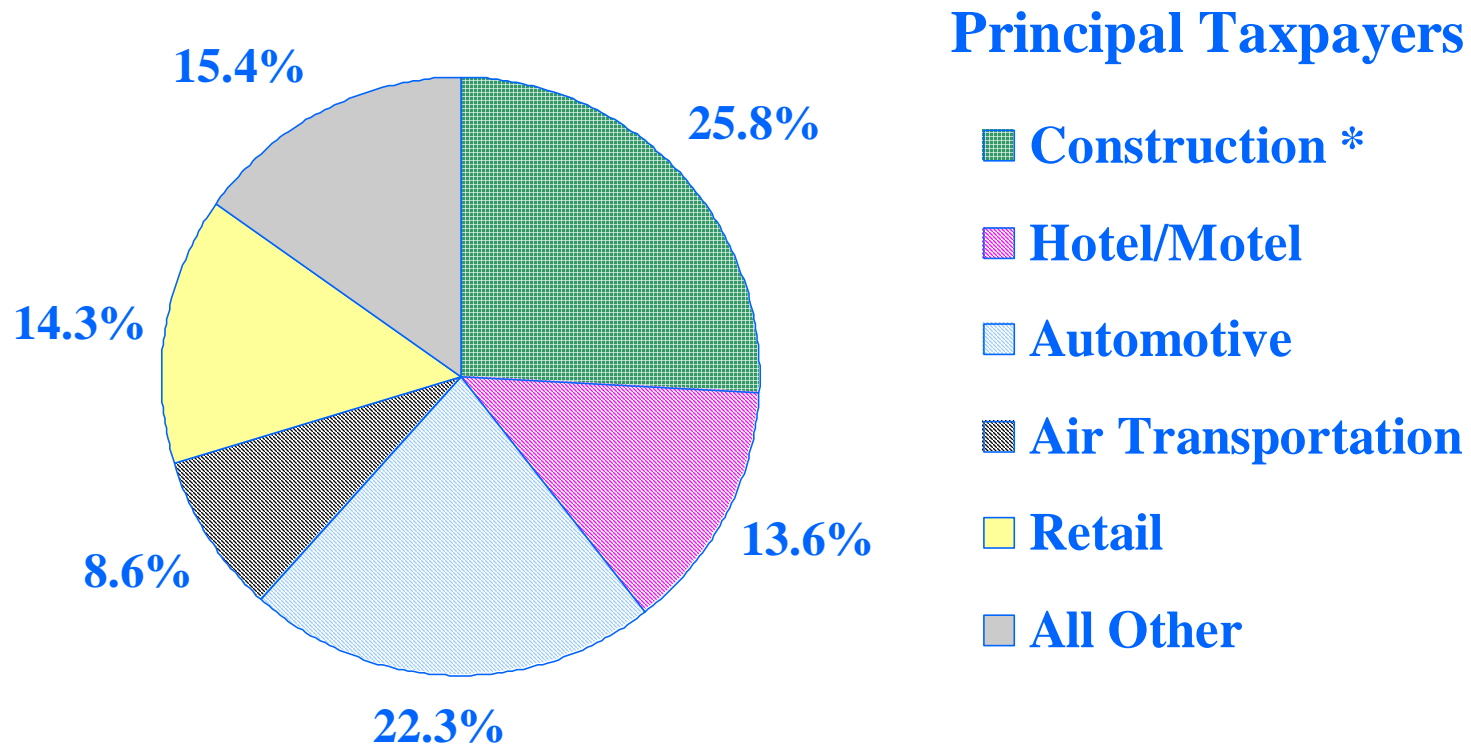
Amounts in Millions



Property Tax Revenue



Sales Tax Revenue



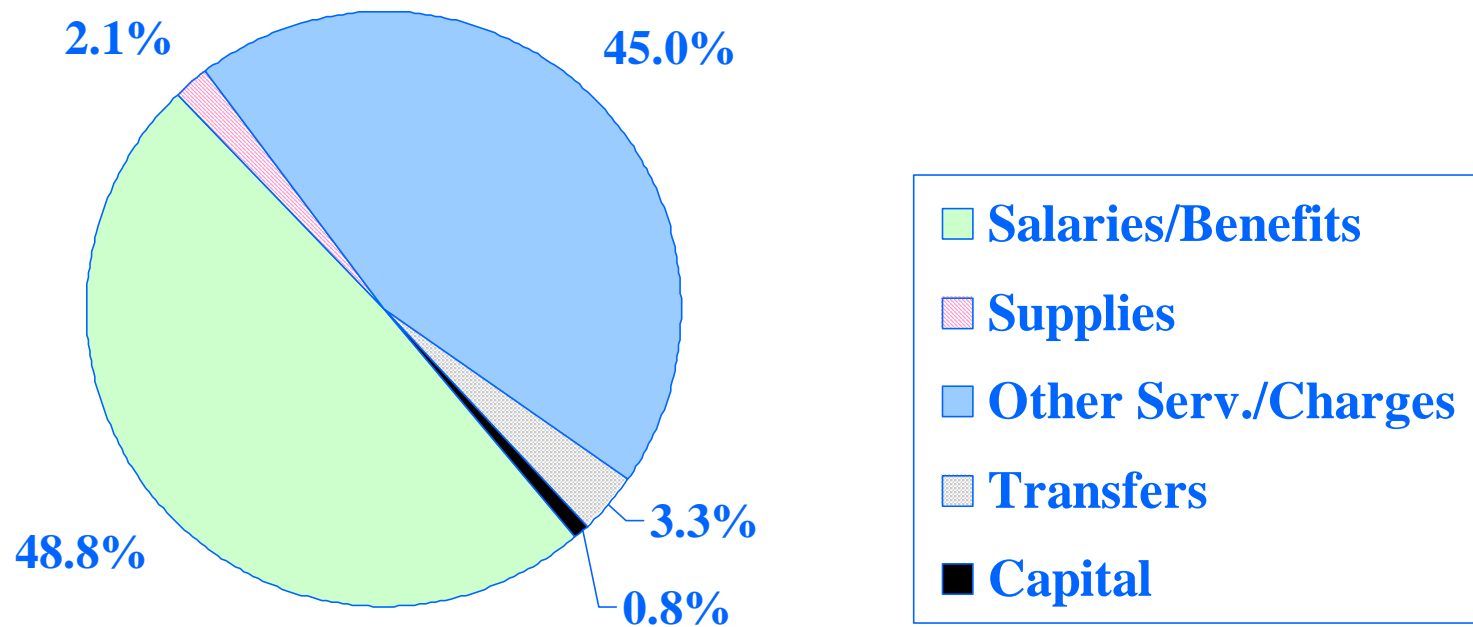
* Represents a one-time revenue source

General Fund Revenue

	2003 <u>Budget</u>	2003 <u>Estimate</u>	2004 <u>Adopted Budget</u>
Property Tax	\$ 7,514,278	\$ 7,935,918	\$ 8,020,826
Sales Tax	7,000,000	6,565,000	6,780,000
Other	<u>4,820,744</u>	<u>5,146,979</u>	<u>4,766,985</u>
	\$19,335,022	\$19,647,897	\$19,567,811

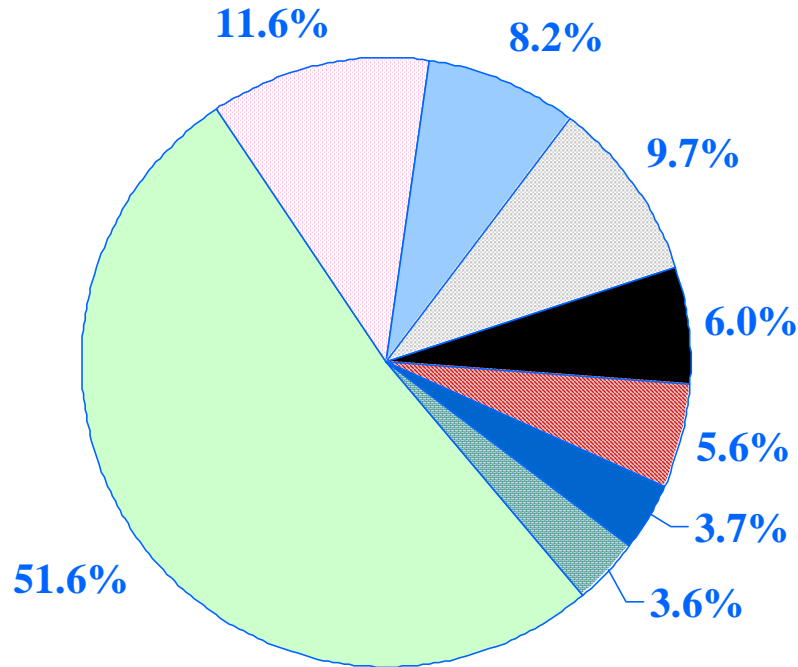
2004 General Fund Expenditures

Expenditures by Object



2004 General Fund Expenditures

Expenditures by Function



- Public Safety
- Administration
- Non-Dept
- Parks
- Public Works
- Judicial
- Planning
- Facilities

General Fund Expenditures

	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Adopted Budget</u>
Salaries/Benefits	\$ 10,032,595	\$ 9,602,365	\$ 10,460,835
Supplies	468,594	437,789	452,181
Other Services and Charges	10,373,550	8,859,951	9,627,952
Transfers	1,301,816	1,301,816	710,000
Capital Outlay	<u>469,269</u>	<u>304,393</u>	<u>162,221</u>
	\$ 22,645,824	\$ 20,506,314	\$ 21,413,189

Fund Balance - General Fund

	2003 <u>Estimate</u>	2004 Adopted <u>Budget</u>
Revenue	\$ 19,647,897	\$19,567,811
Expenditures	(20,506,314)	(21,413,189)
Fund Balance 1/1	<u>16,950,636</u>	<u>16,092,219</u>
Fund Balance At 12/31	\$ 16,092,219	\$14,246,841

Fund Balance/Contingencies

- \$14.2 million fund balance projected at 12/31/04 exceeds Council minimum target balance by \$7.1 million
- \$1.8 million reduction in fund balance, but expenditures include \$710,000 in transfers to other funds (\$560,000 for City Hall Inter-fund loan repayment and \$150,000 to the Fire Equipment Reserve Fund)

General Fund Highlights

- Three additional Fire Fighter positions
- Additional temporary staffing for Municipal Court, Information Systems and Parks Maintenance
- Continued funding for human service programs at 1% of General Fund expenditures

Staffing 2000-2004

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Municipal Court	6.0	6.0	6.0	5.0	5.4
City Manager	11.0	8.0	8.7	7.5	7.0
Finance/Systems	9.0	8.5	9.0	9.0	9.5
City Clerk	3.0	3.0	3.0	3.0	3.0
Legal	7.0	7.0	7.0	7.0	7.0
Human Resources	3.5	3.6	3.6	3.6	3.6
Fire	48.0	47.0	47.0	47.0	50.0
Parks/Recreation	23.0	22.0	22.0	19.0	19.5
Public Works	46.3	40.1	40.0	37.6	37.6
Facilities	N/A	N/A	N/A	3.5	3.5
Planning	11.0	9.0	10.0	10.0	10.0
TOTAL	167.8	154.2	156.3	152.2	156.1

% Change
2000 vs 2004

(7.0)%

-
-
-

Other City Funds

Other City Funds Highlights

- Completion of Public Works/Parks Maintenance Facility
- Completion of International Boulevard Phase III
- Commence construction on International Boulevard Phase IV (completion in 2005)
- Start design work on 34th Avenue South
- Begin construction on Des Moines Creek Basin Improvements

City Street Fund

1/1 Fund Balance	\$ 78,604
2004 Revenue	570,100
2004 Expenditures	<u>(632,980)</u>
12/31 Fund Balance	\$ 15,724

The City Street Fund accounts for revenues and expenditures for the maintenance of city streets, funded from unrestricted fuel taxes and parking tax

Arterial Street Fund

1/1 Fund Balance	\$ 2,266,001
2004 Revenue	3,128,640
2004 Expenditures	<u>(3,944,760)</u>
12/31 Fund Balance	\$ 1,449,881

The primary depository fund for parking tax collections, the Arterial Street Fund also accounts for restricted fuel taxes. Initiative 776 results in revenue loss of \$230,000 per year to this fund. In 2004, transfer of \$1.8 million to fund transportation-related capital projects.

Contingency Reserve Fund

1/1 Fund Balance \$ 755,000

2004 Revenue -0-

2004 Expenditures (-0-)

12/31 Fund Balance \$ 755,000

This dedicated reserve fund may be used to meet any municipal expense, the necessity or extent of which could not have been foreseen at the time of adopting the annual budget.

Port ILA Fund

1/1 Fund Balance \$ 4,086,000

2004 Revenue 264,000

2004 Expenditures (-0-)

12/31 Fund Balance \$ 4,350,000

The Port ILA Fund accounts for \$10 million in community relief funds and \$3.5 million in street vacation fees paid by the Port of Seattle. This fund was used to finance the City Hall project. A long-term repayment from the General Fund avoids the issuance of additional bond financing.

Transit Planning Fund

1/1 Fund Balance	\$ 130,334
2004 Revenue	11,180
2004 Expenditures	<u>(8,200)</u>
12/31 Fund Balance	\$ 133,314

This fund accounts for reimbursement from Sound Transit of costs incurred by the City to facilitate the review and development of a light rail system within the City.

Hotel/Motel Tax Fund

1/1 Fund Balance	\$ 7,015,792
2004 Revenue	535,000
2004 Expenditures	<u>(697,530)</u>
12/31 Fund Balance	\$ 6,853,262

The Hotel/Motel Tax Fund accounts for the receipt of the 1% hotel/motel tax and tourism-related expenditures recommended by an advisory committee. The fund balance includes \$5 million in bond proceeds dedicated to development of a tourism-related facility.

Building Management Fund

1/1 Fund Balance	\$ 294,131
2004 Revenue	340,000
2004 Expenditures	<u>(185,000)</u>
12/31 Fund Balance	\$ 449,131

This fund was created in 2001 when the City acquired the Valley Ridge Corporate Center to renovate and utilize for City Hall operations. This fund accounts for rental revenues received from building tenants and a portion of the costs associated with maintaining the property.

LTGO Debt Fund

1/1 Fund Balance	\$	14,595
2004 Revenue		429,530
2004 Expenditures		<u>(429,530)</u>
12/31 Fund Balance	\$	14,595

The Long Term General Obligation Debt Fund accounts for the collection of a portion of the property tax levy, used to pay debt service on bonds issued in 1994 for a new City Hall.

Transportation Bond Fund

1/1 Fund Balance	\$	26,665
2004 Revenue		865,000
2004 Expenditures		<u>(864,850)</u>
12/31 Fund Balance	\$	26,815

A portion of the revenue generated by the parking tax is deposited to this fund to pay debt service on bonds issued in 1994 for transportation improvements.

Hotel/Motel Tax Bond Fund

1/1 Fund Balance	\$ 22,480
2004 Revenue	385,500
2004 Expenditures	<u>(385,135)</u>
12/31 Fund Balance	\$ 22,845

A portion of the revenue generated by the hotel/motel tax is deposited to this fund to pay debt service on bonds issued in 1998 for tourism promotion.

Special Assessment Debt Fund

1/1 Fund Balance	\$	36,644
2004 Revenue		316,000
2004 Expenditures		<u>(316,000)</u>
12/31 Fund Balance	\$	36,644

This fund accounts for collections of special assessments on benefiting property owners of LID #1, who have opted to pay assessments over a twenty-year period. The City issued bonds backed by these assessments, and the bonds are retired as the assessments are collected.

LID Guarantee Fund

1/1 Fund Balance	\$ 280,000
2004 Revenue	-0-
2004 Expenditures	<u>(-0-)</u>
12/31 Fund Balance	\$ 280,000

Reserve fund required by the special assessment bonds.
Funds may be expended when LID bonds have been
retired in full.

Capital Improvements Fund

1/1 Fund Balance	\$ 3,690,466
2004 Revenue	1,225,000
2004 Expenditures	<u>(330,786)</u>
12/31 Fund Balance	\$ 4,584,680

This fund accounts for the collection of revenues dedicated for General Fund capital improvements, including Port CIP sales tax and real estate excise tax, and the capital project expenditures.

Fire Equipment Reserve Fund

1/1 Fund Balance	\$ 1,404,366
2004 Revenue	150,000
2004 Expenditures	<u>(363,720)</u>
12/31 Fund Balance	\$ 1,190,646

This fund accounts for the accumulation of resources to fund replacement of Fire Department vehicles, apparatus and equipment. Annual transfers are made from the General Fund in an amount necessary to fund the program's six-year CIP.

Municipal Facilities CIP Fund

1/1 Fund Balance	\$ 1,178,850
2004 Revenue	480,000
2004 Expenditures	<u>250,000</u>
12/31 Fund Balance	\$ 1,408,850

This fund is used to account for the development of City facilities. The \$250,000 expenditure in 2004 completes the new Public Works/Parks Maintenance Facility.

Transportation CIP Fund

1/1 Fund Balance	\$ 4,066,997
2004 Revenue	6,488,208
2004 Expenditures	<u>(9,777,892)</u>
12/31 Fund Balance	\$ 777,313

The Transportation CIP Fund accounts for various transportation projects in the City, funded by a combination of grant revenue and parking tax collections. For 2004, projects include International Boulevard Phases III and IV.

Transportation Bond Reserve

1/1 Fund Balance	\$	894,063
2004 Revenue		-0-
2004 Expenditures		<u>(-0-)</u>
12/31 Fund Balance	\$	894,063

Required by the bond covenants, this reserve fund may be expended on transportation improvements once the associated bonds have been retired.

SWM Utility Fund

1/1 Fund Balance	\$ 1,519,592
2004 Revenue	1,732,200
2004 Expenditures	<u>(1,481,878)</u>
12/31 Fund Balance	\$ 1,769,914

This fund accounts for all revenues and expenditures associated with the operation of the City's surface water management utility, including debt service on bonds issued in 1994 for SWM capital projects.

SWM Construction Fund

1/1 Fund Balance	\$ 887,603
2004 Revenue	67,500
2004 Expenditures	<u>(439,000)</u>
12/31 Fund Balance	\$ 516,103

This fund was created to account for the expenditure of bonds issued in 1994 for surface water management capital improvements.

SWM Bond Reserve Fund

1/1 Fund Balance	\$	403,925
2004 Revenue		-0-
2004 Expenditures		<u>(-0-)</u>
12/31 Fund Balance	\$	403,925

Similar to the Transportation Bond Reserve, these funds must be set aside until the SWM bonds have been retired. At that time, the funds may be used for SWM capital projects.

Equipment Rental Fund

1/1 Fund Balance	\$ 2,099,268
2004 Revenue	352,075
2004 Expenditures	<u>(331,100)</u>
12/31 Fund Balance	\$ 2,120,243

The Equipment Rental Fund accounts for revenues and expenditures associated with the operation, maintenance and replacement of City vehicles and heavy equipment, with the exception of the Police and Fire departments.

2004 Adopted Budget Total

1/1 Fund Balance	\$ 47,243,595
Revenue	36,907,744
Expenditures	<u>(41,851,550)</u>
12/31 Fund Balance	\$ 42,299,789

Fund Balance of the General Fund is projected to total \$14.2 million at 12/31/04, representing only 34% of the total City-wide fund balance